

Trading Notes: Monthly Performance

Trading Notes: GameStop Corp

Trading Note

Monthly Performance

Ho Kang Wei

Phillip Securities Research Pte Ltd

10 April 2017

Monthly Performance

Name	Trade Position	Entry	Price at 31/03/17	Target Price	Take Profit Price	Stop Loss	Performance
Alibaba Group Holdings Ltd	Closed	94.91	107.83	109.00	n/a	85.9	14.85%
Medtronic plc	Open	75.09	80.56	84.28	n/a	69.25	7.28%
GNC Holdings Inc	Open	8.47	7.36	14.00	n/a	7.62	-13.11%
Aflac Inc	Open	71.44	72.42	77.00	n/a	66.40	1.37%
NVIDIA Corporation	Open	106.22	108.93	120.00	n/a	95.07	2.55%
S&P500 INDEX			2,362.72				-0.04%
DOW JONES INDEX			20,663.22				-0.72%
NASDAQ INDEX			5,911.74				1.48%

- **BABA**
 - Target hit at 109
 - President Trump and Premier Xi meeting
 - Taken Profit
- **MDT**
 - ACA looked likely to remain intact
 - Affordable Healthcare Act 2.0
- **NVDA (Last Done @ 100.33)**
 - Downgrade by Pacific Crest
 - Fears of overvaluation
 - Views unchanged

- **GNC price is down further below USD 7**
 - Poor results in previous quarter
 - New GNC plan gaining traction
- **Short Interest**
 - @ almost 44% of float
 - Next Earnings 18 April
 - Potential Short Squeeze
 - Almost 25mn shares shorted
 - Avg Volume 3 mn



Trading Note

GameStop Corp.

Ho Kang Wei

Phillip Securities Research Pte Ltd

10 April 2017

GameStop Corp

(TP: US\$23.96, Stop Loss: US\$19.95, Last close: US\$21.66)

GME is a Global Specialty Retailer

GameStop
POWER TO THE PLAYERS™

We're a global family of specialty retail brands that makes the most popular technologies affordable and simple



- **Recent Price Action**
 - Shares tumbled to YTD lows of USD 20.70
 - Headwinds in retail and video game sales
 - Microsoft announcement of Netflix like service
- **Near term Catalyst**
 - Nintendo Switch,
 - released March 3,
 - received very positive reception
 - GME facing supply constraints
 - Xbox Scorpio
 - to be released late 2017
 - High end Specs
 - Likely to drive gamers to purchase

Q4 / Full Year 2016 Sales Category Highlights



	Q4 2016	FY 2016
New hardware	\$583.0M -29.1%	\$1,396.7M -28.2%
New software	\$927.4M -19.3%	\$2,493.4M -14.2%
Pre-owned/Value	\$680.6M -6.7%	\$2,254.1M -5.1%
Video Game Accessories	\$238.5M -17.4%	\$676.7M -3.7%
Digital	\$57.2M -5.8%	\$181.0M -3.9%
Technology Brands	\$256.0M +43.9%	\$814.0M +52.4%
Collectibles	\$212.4M +27.8%	\$494.1M +59.5%
Other	\$90.3M -30.8%	\$297.9M -26.3%
Total Sales	\$3,045.4M -13.6%	\$8,607.9M -8.1%

Q4 / Full Year 2016 Gross Profit by Category



	Q4 2016	FY 2016
New hardware	\$58.6M 10.1%	\$154.2M 11.0%
New software	\$224.4M 24.2%	\$600.4M 24.1%
Pre-owned/Value	\$318.9M 46.9%	\$1,044.1M 46.3%
Video Game Accessories	\$82.8M 34.7%	\$235.2M 34.8%
Digital	\$50.8M 88.8%	\$155.5M 85.9%
Technology Brands	\$174.6M 68.2%	\$554.6M 68.1%
Collectibles	\$68.6M 32.3%	\$171.6M 34.7%
Other	\$29.2M 32.3%	\$93.7M 31.5%
Total Gross Profit Gross Margin	\$1,007.9M 33.1%	\$3,009.3M 35.0%

8

- **Transition Plans**

- GME aims to achieve shift in revenue
 - Other Segments to account for 50%, currently 36.9% up from 24%

Technical Analysis: Current recovery should take price up to fill the 23.96 gap



GME Daily Chart

Source: Bloomberg, PSR

- **Trading Action**
 - Entry Price: USD 21.84
 - Stop loss: USD 19.95
 - Target Price: USD 23.96
- **Summary**
 - Near Term Catalysts
 - Transition to high growth Other Segments

Disclaimer

The information contained in this presentation has been obtained from public sources which Phillip Securities Pte Ltd (“PSPL”) has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the “Research”) contained in this presentation are based on such information and are expressions of belief only. PSPL has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this presentation is subject to change, and PSPL shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will PSPL be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

This presentation is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person.

You should seek advice from a financial adviser regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before making a commitment to invest in such products.

Ask Questions!

Archived Webinar videos can be accessed at
<https://www.poems.com.sg/education/webinars/>

Analysts

Pei Sai Teng, Macro

Jeremy Ng, Technical Analysis

Jeremy Teong, Banking & Finance

Soh Lin Sin, Consumer | Healthcare

Richard Leow, Transport | REITs (Industrial)

Dehong Tan, REITs (Commercial, Retail, Healthcare) | Property

Peter Ng, Property | Infrastructure

Ho Kang Wei, US Equity

Chen Guangzhi, Oil and Gas | Energy

By Phillip Securities Research

Paul Chew, Head of Research

Mohamed Amiruddin, Operations Exec